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Administrative arrangements for the International Trade Centre UNCTAD/WTO

Note by the Secretariat

1. In its resolution 52/220 of 22 December 1997 (part III, para. 55) the General Assembly noted with concern that the arrangements entered into by the Secretary-General with the Director-General of the World Trade Organization (WTO) in the exchange of correspondence of September 1995 had not yet been transmitted to the Assembly and, in that regard, considered that the agreement between the secretariats of the United Nations and the former General Agreement on Tariffs and Trade (GATT) was still in force until the Assembly reviewed the agreement between the United Nations and WTO.

2. It will be recalled that the legal status of the International Trade Centre (ITC) vis-à-vis the United Nations and GATT was reviewed in 1973 and 1974, and the new administrative and financial arrangements were approved by the Contracting Parties to GATT on 19 November 1974 and by the General Assembly in a decision adopted at its 2325th meeting, on 18 December 1974. The details of the arrangements can be seen in documents A/C.5/1533 (attachment I) and A/C.5/1604 (attachment II).

3. The 1974 agreement on ITC provided essentially that the Centre would apply the Staff Regulations and Rules and the Financial Regulations and Rules of the United Nations and would make maximum use of the support services of the United Nations Office at Geneva for reasons of economy and efficiency. Its accounts would be certified by the United Nations Controller, audited by the External Auditors of the United Nations and reported to the General Assembly and the GATT Council. Since then, ITC has enjoyed a high degree of autonomy in administrative matters through delegation of authority by the Secretary-General to the ITC Executive Director.

4. Upon the creation of WTO, its General Council, on 3 April 1995, requested its secretariat to negotiate with the United Nations Secretariat for the revised budgetary arrangements with regard to ITC (see attachment III).

5. The position of WTO on the administrative arrangements for ITC has stemmed from the past experience of GATT regarding the review and approval of the ITC budget and its budget performance reports. That position and the WTO proposals for possible adjustments are detailed in the WTO position papers on the ITC administrative arrangements (see attachments IV and V).

6. On 29 September 1995, the Secretary-General of the United Nations and the Director-General of WTO, in an exchange of letters on the relationship between the two organizations, agreed to recommend to the responsible intergovernmental organs that the present arrangements governing the status of ITC as a joint body be confirmed and renewed with WTO, subject to revised budgetary

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arrangements as called for by the General Council of WTO. The recommendation has been reported to the Economic and Social Council (see attachment VI). The recommendation of the Executive Heads was noted by the Economic and Social Council in its decision 1995/322 of 12 December 1995 (attachment VII).

7. Following the above developments and consultations on the issue with the WTO secretariat and ITC, the Secretariat has submitted a report to the General Assembly at its fifty-second session on possible revised administrative arrangements for ITC (A/C.5/52/25). The report has yet to be reviewed by the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee. On the basis of the proposals contained in that report, the Secretariat has also submitted the ITC 1998-1999 proposed programme budget (A/52/6/Rev.1/Add.1). WTO is of the view that the proposals put forward by the Secretariat in document A/C.5/52/25 did not fully address the concerns of WTO (see attachment VIII).

8. At a meeting held on 3 March 1998 at the request of WTO, the Bureau of the Fifth Committee met with Mr. K. Morjane, Chairman of the WTO Committee on the Budget, Finance and Administration, and agreed that the status of administrative arrangements for ITC should be brought to the attention of the Fifth Committee for its consideration in the first part of the resumed fifty-second session.

Attachment I

UNITED NATIONS

GENERAL ASSEMBLY

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PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1974-1975 AND MEDIUM-TERM PLAN FOR 1974-1977

Administrative arrangements for the UNCTAD/GATT International Trade Centre

Note by the Secretary-General

A. BACKGROUND

1. The Advisory Committee on Administrative and Budgetary Questions (ACABQ) in its second report to the General Assembly in 1972 1/ commented on the administrative arrangements for the UNCTAD/GATT International Trade Centre. In that report, the Advisory Committee observed that "such arrangements were to have been worked out between the two sponsoring organizations in accordance with General Assembly resolution 2297 (XXII) of 12 December 1967, by which the Centre was established; the absence of a formal agreement had been noted in his reports on both the 1970 and 1971 accounts by the Controller-General of Colombia, a member of the United Nations Board of Auditors, who had recommended that it be rectified". 2/

2. On 1 January 1968, the Centre became a joint operation of the United Nations Conference on Trade and Development (UNCTAD) and the General Agreement on Tariffs and Trade (GATT). It was at that time decided that GATT would continue to deal with personnel actions, make payments and keep accounts relating to the regular budget of the Centre, and that GATT staff rules and regulations would apply to the staff thereof.

1/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 8A, document A/8708/Add.1, paras. 13-16.

2/ Ibid., para. 14.

3. Since 1968, there has been a rapid expansion of the Centre's activities. In the autumn of 1972, the executive heads of UNCTAD and GATT undertook a review of the administrative arrangements for the Centre to determine what changes, if any, should be made. In making this review, the executive heads were mindful of certain recommendations made by ACABQ in 1971, and reiterated in 1972, regarding the placement of Centre support staff under the direct control of the Centre. The report on the review, formulating certain modifications in procedures, was submitted to the GATT Council by the Director-General of GATT on 27 November 1972 and is reproduced in the annex to the present document.

4. The system for administrative support existing at the time of the above-mentioned review by the executive heads, which continued until 1 March 1973, is described in paragraphs 6 to 10 of the annex.

B. MODIFICATIONS IN THE ADMINISTRATIVE ARRANGEMENTS

5. The modifications in the administrative arrangements resulting from the review by the executive heads are summarized in paragraphs 11 to 14 of the annex. Further modifications, as summarized below, were proposed on behalf of the United Nations by the Under-Secretary-General for Administration and Management to accord with existing arrangements in the United Nations Office at Geneva for provision of administrative support to Geneva-based organizations. These further modifications involved payments and accounts, contracts and supporting administrative staff (subparagraphs 13 (ii), (v) and (x) of the annex) and were as follows:

(a) The present appointment and promotion machinery would remain in operation; the staff would receive United Nations appointments limited to service with the Centre.

(b) Personnel servicing for Centre staff under the 100 series rules (regular staff), regardless of source of funds, would be taken over by the United Nations Office at Geneva.

(c) Personnel servicing for Centre staff under the 200 series rules (project staff) would be handled temporarily by the Centre, with general guidance from the United Nations Office at Geneva.

(d) Payroll, payments and accounts would be maintained by the United Nations Office at Geneva.

(e) The Director (Programmes) of the Centre would be designated as certifying officer for Centre accounts.

The administrative arrangements proposed by the executive heads, as modified by the above, have been in effect since 1 March 1973.

C. THE PRESENT SITUATION

6. In June and July 1973, the Administrative Management Service (AMS) reviewed the remaining administrative problems. The main problem found was with respect to personnel services. At that time, the Administrative and Financial Services of the United Nations Office at Geneva had not yet assumed full responsibility for providing personnel services to the Centre for staff members governed by the 100 series of the staff rules (regular staff). The main cause of the delay was that the majority of the present Centre staff had refrained from accepting the United Nations appointments offered until the situation regarding the administrative arrangements as a whole had been clarified and finally approved. As regards arrangements for recruitment and other personnel services for staff governed by the 200 series of rules, they have been the subject of a separate review by AMS, and its recommendations are now under discussion by the parties concerned.

7. Another question concerns language services for the Centre. At present, 17 posts are budgeted by the Centre for language staff working in GATT on language services for the Centre. It has been proposed that a better arrangement would be for the Centre to reimburse GATT for language services, and for GATT to do its own budgeting for the staff required; however, this would pose problems for GATT, and the present arrangement will be continued for the time being.

8. A third unresolved question concerns the distribution of publications. The Centre's publications policy is different from the United Nations policy in that the primary objective is wide distribution free of charge within developing countries, rather than revenue from sales. Nevertheless, those publications that are offered for sale can best be sold by the United Nations through the Geneva Office because of its world-wide distribution and sales service. For the time being, the distribution of free publications will continue to be handled by the Centre.

9. As a result of the AMS review, certain further refinements in the administrative arrangements, as summarized below, have been decided upon:

(a) The present appointment and promotion machinery of the Centre will be continued and:

(i) Present permanent staff members will be given United Nations appointments limited to service within the Centre;

(ii) All future appointments of both Professional and General Service staff will be on the same basis.

(b) Language services for the Centre will continue to be provided by GATT on the present basis.

(c) Use will be made by the Centre of the publication sales mechanism provided by the United Nations Office at Geneva. The Centre will continue to make its own free distribution to developing countries.

D. CONCLUSION

10. Therefore, the administrative arrangements proposed are those set forth in paragraph 13 of the annex, with the modifications described in paragraphs 5 and 9 above. The General Assembly may wish to approve those arrangements.

11. Proposals regarding the administrative support of technical assistance sponsored by the Centre are now under consideration as part of the larger question of arrangements for the provision of administrative support to technical assistance sponsored by all Geneva-based organizations.

Annex

REVIEW OF THE ADMINISTRATIVE AND FINANCIAL ARRANGEMENTS FOR THE UNCTAD/GATT INTERNATIONAL TRADE CENTRE: REPORT BY THE DIRECTOR-GENERAL OF GATT AND THE SECRETARY-GENERAL OF UNCTAD

(Submitted to the GATT Council on 27 November 1972)

I. INTRODUCTION

1. At the time the joint International Trade Centre UNCTAD/GATT was established, effective 1 January 1968, it was decided in the interest of flexibility and economy that GATT should continue to deal with personnel actions, make payments and keep accounts relating to the regular budget of the Centre, and that GATT staff rules and regulations should apply. Such arrangements were, however, to be provisional and subject to review in due course.

2. Since 1968 there has been a rapid expansion of the activities of the Centre and these activities are expected to grow further in the coming years. This development has involved, inter alia, also a considerable increase in GATT's responsibilities relating to personnel and administration, budgetary control, the maintenance of accounts, the servicing by the Centre of projects financed from different sources of funds, as well as the employment of Centre staff against funds drawn from these different sources. In these circumstances, the executive heads of UNCTAD and GATT considered that the time had now come to carry out the review of the administrative and financial arrangements foreseen at the time of the inception of the joint Centre.

3. In proceeding with this review, the executive heads were also mindful of certain recommendations made by ACABQ in 1971, and reiterated in 1972, regarding the placement of Centre supporting staff under the direct control of the Director (Programmes) of the Centre.

4. As a result of this review, the two executive heads have agreed, on the basis of recommendations by the Liaison Officers on Centre Matters, to suggest certain changes in the existing arrangements in respect of the Centre administration, within the framework of continued joint and equal responsibility for the operation of the Centre.

5. The present system and the proposed modifications which are being submitted to the governing bodies of UNCTAD and GATT are outlined below:

II. PRESENT SYSTEM

Sources of funds and management of resources

6. The Centre operates with four major sources of funds:

(a) The regular budget, provided in equal parts by UNCTAD and GATT;

(b) Allocations received through UNCTAD for expenditure on UNDP-financed projects;

(c) Extrabudgetary resources (known as trust funds) put directly at the disposal of the Centre by individual Governments;

(d) To a minor extent, resources from the regular technical assistance programme of the United Nations.

7. At the present time, the servicing of the regular budget of the Centre and the handling of trust funds put directly at the disposal of the Centre are carried out by the administration of GATT, which also provides administrative servicing of resources suballotted to the Centre in respect of Geneva based operations under both the UNDP and the regular technical assistance programme of the United Nations.

Budget preparation and control

8. In present practice, the regular budget of the Centre and the budgets for trust fund projects are drawn up by the GATT Budget and Control Section on the basis of the work programme prepared by the Centre under the guidance of the Secretary-General of UNCTAD and the Director-General of GATT. The budgets for UNDP-financed projects are formally submitted by governments but are drawn up by the Centre with assistance from GATT and UNCTAD staff in regard to figures etc. The GATT Budget Section also controls, under the responsibility of the Director-General of GATT, expenditure incurred under the regular budget, on trust funds and part of the expenditure (including elements of overhead) incurred on UNDP-financed projects.

Finance and accounts

9. The making of payments and keeping of accounts in regard to the regular budget, the trust funds of the Centre and part of the UNDP funds is also carried out by GATT. The Director-General of GATT certifies the year-end accounts and signs the annual Financial Report, together with the Director of the Administrative and Financial Division. A certified copy of the year-end accounts and the auditors' report thereon are submitted to the Secretary-General of UNCTAD for comment. Auditing is effected through the External Auditors of GATT.

Personnel management

10. Appointments of Centre staff are at present made on behalf of ICITO and UNCTAD in the name of the Director-General of GATT, who also assumes responsibility for matters such as relations with local authorities and with the Swiss Government in matters such as the issuance of "cartes de légitimation".

III. OUTLINE OF PROPOSED MODIFICATIONS

11. The proposed solution is designed not only to meet - to the extent possible - the difficulties and anomalies which have been experienced with the present system but also to take account of the Centre's long-term growth. Some details of these proposed arrangements will, of course, have to be worked out during the course of their implementation.

12. In proposing new arrangements, it has been recognized that three types of constraints must be taken into account:

(i) In the present financial circumstances, Governments would be unwilling to accept new arrangements for the Centre which would involve any appreciable increase in budgetary expenditures.

(ii) Most Governments would expect both UNCTAD and GATT, in joint and equal partnership, to continue to exercise policy guidance and control over the Centre operations and to take over-all responsibility for the budget of the Centre as presented to the Contracting Parties of GATT on the one side and the General Assembly on the other.

(iii) The necessary legal or other steps must be taken to ensure that any solutions proposed, for example by way of transfer of functions to the Centre, do not lead to difficulties in implementation.

13. In the light of the above considerations, the following modifications in the present financial and administrative arrangements are proposed:

(i) The responsibility for the drafting of the regular budget and budgets for trust fund projects, together with their control and administration, would be transferred to the Centre.

(ii) The Centre would likewise be entrusted with the making of payments and the keeping of its accounts.

(iii) The two changes proposed above would be effected simultaneously.

(iv) The Director-General of GATT would cease to certify the year-end accounts of the Centre. The Director (Programmes) of the Centre would be designated as the certifying officer and the Controller of the United Nations would sign the year-end accounts as approving officer. The external audit would be transferred from the GATT auditors to the United Nations auditors as from 1 January 1973.

(v) Contracts to be awarded to Centre staff would be issued by the Director (Programmes) of the Centre after approval by the Secretary-General of UNCTAD and the Director-General of GATT, under their authority and subject to their agreement on the text of Centre letters of appointment.

(vi) With respect to field activities financed by UNDP, appropriate arrangements will be worked out among the parties concerned.

(vii) United Nations Staff Regulations and Rules would apply uniformly to all personnel, whether financed from budgetary resources, overheads or extrabudgetary resources.

(viii) In order to ensure that Centre staff be recognized by the Swiss authorities as having the status of international civil servants, the responsibility for notifying the Swiss authorities of staff appointments and separations would be transferred to the United Nations Office at Geneva.

(ix) With respect to purchase and procurement, orders would be placed through the United Nations Office at Geneva without attempting to develop independent procurement services for the Centre.

(x) All supporting staff for such functions as personnel administration, sale of publications, reproduction, typing pools, travel and internal servicing of the Centre, that are at present located inside the GATT Administrative and Financial Division would be located inside the Centre. The situation of language services still requires further clarification.

(xi) The changes in responsibilities and functions and the transfer of Centre supporting staff to the new premises would be effected as soon as the procedural or other steps required to effect these changes, as described above, can be taken. In principle, the implementation of these changes would begin with effect from 1 January 1973.

(xii) The proposed modifications would involve some additional costs which could be covered in 1973 by income from overheads.

IV. END RESULT OF PROPOSED MODIFICATIONS

14. The end result of the modifications in the Centre administration proposed by the executive heads of UNCTAD and GATT would be the following:

As of 1 January 1973:

(i) The Centre would be fully responsible for drafting initial budget estimates subject to the policy guidance of the executive heads and for budget management, through its own budget and control section.

(ii) The servicing functions concerning payments and accounts would also be transferred to the Centre.

(iii) The Centre would issue contracts and would be responsible for personnel management, under the policy guidance of the executive heads. Responsibility for relations with the Swiss authorities would be transferred to the United Nations Office at Geneva. The Swiss authorities will be advised of this change of responsibility.

(iv) Professional staff for the Centre would continue to be selected through the Joint Appointments and Promotions Board, which would make recommendations on appointments, promotions, extensions and terminations to the executive heads.

(v) The Centre's work programme and budget would be prepared by the Director (Programmes) of the Centre subject to over-all policy guidance in respect of size of budget and over-all orientation by the Secretary-General of UNCTAD and the Director-General of GATT, and would be presented by the two executive heads to the General Assembly and the Contracting Parties.

(vi) The existing mechanisms of intergovernmental control would be maintained in the form of the Advisory Group, the UNCTAD Board, the General Assembly and the GATT Council and the Contracting Parties.

(vii) The Director (Promotion) and Director (Programmes) of the Centre would continue to be responsible to the Secretary-General of UNCTAD and the Director-General of GATT on matters of policy relating to Centre resources and operations, including those involving UNDP-financed projects, through the liaison officers appointed by the executive heads in accordance with arrangements already established.

Attachment II

UNITED NATIONS

GENERAL ASSEMBLY

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PROGRAMME BUDGET FOR THE BIENNIUM 1974-1975

Administrative arrangements for the UNCTAD/GATT International Trade Centre

Note by the Secretary-General

1. In document A/C.5/1533 of 12 October 1973, the Secretary-General summarized the administrative arrangements for the International Trade Centre that had been worked out among the parties concerned. Those arrangements were reviewed by the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the Fifth Committee which, at its 1617th meeting on 4 December 1973, decided to recommend that the General Assembly take note of the administrative arrangements in question.

2. Subsequently, early in 1974, the Joint Advisory Group of the Centre recommended that the two parent organizations /General Agreement on Tariffs and Trade (GATT) and the United Nations Conference on Trade and Development (UNCTAD)/ review the administrative arrangements, with a view towards giving the Centre some degree of administrative autonomy in order to facilitate the delivery of an expanded programme of technical assistance. Also, there was some doubt as to the Centre's legal personality, specifically its authority to accept and commit the use of trust funds and to enter into contracts for project staff paid from trust funds, although the Centre had been exercising those responsibilities since its inception. Questions were also raised regarding the legal status of the Centre's staff members.

3. In the light of the above developments, the Administrative Management Service was asked to work with the parties primarily involved (GATT, UNCTAD and the Centre), as well as the United Nations Office at Geneva, for the purpose of devising an agreeable solution. The results of this effort are summarized in the annex to the present document. The Secretary-General recommends that the General Assembly approve these arrangements and affirm the assumptions as to the Centre's status as follows:

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(a) That the International Trade Centre is a subsidiary organ of both the United Nations and GATT and that its regular staff members, though limited to service in the Centre, have the same rights and benefits as other staff members of the United Nations;

(b) That the Centre has the authority to continue to exercise the responsibilities it has assumed relative to the acceptance and use of trust funds, together with authority to approve payments from trust funds;

(c) That the arrangements for the administration by the Centre of its project staff paid from trust funds, as summarized in the annex, including appointment authority for such staff, has the approval of the General Assembly.

Annex

PROPOSED ADMINISTRATIVE ARRANGEMENTS FOR THE INTERNATIONAL TRADE CENTRE

A. PRINCIPLES TO BE OBSERVED

1. The current joint and equal responsibility of the two sponsoring organizations, the contracting parties to the General Agreement on Tariffs and Trade (GATT) and the United Nations Conference on Trade and Development (UNCTAD), for the general policy and orientation of the International Trade Centre's work programme should continue. In pursuance of this responsibility, the work programme and budget of the Centre will be reviewed by the GATT and by the United Nations, the latter acting through UNCTAD.

2. The Centre should be accorded a degree of separate identity that would facilitate the carrying out of its work effectively and efficiently.

3. Responsibility should be placed on the Centre for managing its approved work programme and budget within the policy guidelines of the two parent organizations.

4. In providing administrative support for the Centre, there should be no duplication of administrative machinery or services between the Centre and central support units of the United Nations, as enunciated repeatedly by the General Assembly when setting up new units within the United Nations. In this way, the resources made available to the Centre can be concentrated on the accomplishment of substantive tasks.

B. STATUS OF THE CENTRE

5. The Centre is recognized as a joint subsidiary organ of GATT and the United Nations, the latter acting through UNCTAD. Its principal function is to provide assistance to developing countries in the field of trade promotion. For this purpose, it has a regular work programme and budget approved by the two parent organizations and a technical assistance programme which conforms to policy guidelines provided by the parent organizations. The de facto situation is that the Centre has been exercising authority in its own name with respect to:

(a) Receipt of voluntary funds from donor Governments;

(b) Making commitments to provide technical assistance services to member Governments.

Since 1 March 1973, it has also issued appointments to project staff under authority delegated to it by the United Nations and GATT.

6. Because some question has arisen relative to the legal status of the Centre, affirmation that the Centre is de jure a subsidiary organ of the United Nations as well as of GATT and that it has authority to exercise the responsibilities it has already assumed (receipt and commitment of the use of trust funds and employment of project staff), should be sought in 1974 from the governing bodies of GATT and UNCTAD and from the United Nations General Assembly.

C. STATUS OF STAFF

7. The regular staff of the Centre, in accordance with the established administrative arrangements, are to receive United Nations appointments limited to service within the Centre, after approval by its Joint Appointments and Promotions Board. Apart from this limitation of service, Centre staff members will have the same rights and benefits as staff members of the United Nations under the 100 series of Staff Rules.

8. Inasmuch as the regular budget of the Centre is supported equally by GATT and UNCTAD, any termination indemnities that might be incurred in the future will be shared equally by GATT and UNCTAD. Agreement was reached to this effect between UNCTAD and GATT in 1969.

D. PROGRAMME REVIEW AND APPROVAL

9. In accordance with General Assembly resolution 2297 (XXII), the executive heads of UNCTAD and GATT are jointly and equally responsible for the policy guidance and programme orientation of the Centre. This includes:

(a) Policy matters respecting the operation and management of the Centre;

(b) Policy relative to acceptance and use of trust funds by the Centre;

(c) Review of the work programme and budget before submission for approval to the GATT Council, the GATT contracting parties, the Trade and Development Board and the General Assembly;

(d) Review of programme performance.

E. PROGRAMME MANAGEMENT

10. The International Trade Centre is responsible for carrying out all programmes approved by GATT and UNCTAD in the most effective, expeditious and economical manner possible. The Centre will be expected to exercise a maximum degree of programme management responsibility consistent with the policy and programme direction of the parent bodies. It will determine its administrative support requirements (within United Nations and GATT programme, budget and policy constraints), even though some aspects of such support are provided by units outside the Centre.

11. UNCTAD is the executing agency for UNDP-financed trade promotion projects. Subject to the over-all management functions of the executing agency, the Centre will have a maximum degree of responsibility for carrying out and managing its own project activities. UNCTAD will transfer to the Centre account the full amount of UNDP overhead funds relative to actual programme delivery by the Centre. From these funds, the Centre will contribute its appropriate share of central management costs in UNCTAD and servicing costs by the United Nations Office at Geneva, the contribution to be negotiated by the parties concerned. It is recognized, of course, that the 13 per cent overhead does not necessarily cover full overhead costs.

12. In accordance with paragraph 6, the Centre will continue to accept and commit the use of trust funds, subject to policy guidance by the executive heads of the two sponsoring organizations, under the terms of the relevant United Nations Financial Regulations and Rules.

F. ADMINISTRATIVE SUPPORT (EXCEPT PROJECT PERSONNEL)

13. Administrative support for the Centre in all aspects, except for project personnel, is presently performed as follows:

(a) By the International Trade Centre

(i) Preparation of the programme of work and the budget for review by the two sponsoring organizations;

(ii) Control and administration of the work programmes;

(iii) Certification of accounts and claims for payment;

(iv) Distribution of gratis publications.

(b) By the United Nations Office at Geneva (reimbursed by the Centre)

(i) Appointments in the 100 and 300 series of the Staff Rules, using the appointments and promotions machinery of the Centre;

(ii) Personnel servicing in the 100 and 300 series;

(iii) Accounting and disbursements, including payroll for all staff and all funds at the disposal of the Centre;

(iv) Approval of payments and accounts;

(v) Dealing with the Swiss Government relative to the status of staff members;

(vi) Contracting and procurement;

(vii) Distribution of sale publications.

(c) By GATT (reimbursed by the Centre)

Language services.

14. All parties concerned share the view that the approval of payments from voluntary funds should be the responsibility of the Centre, along with the general responsibility for the receipt and disposition of voluntary funds, as discussed in paragraphs 5, 6 and 12 above. They were convinced that this was a reasonable position in the interest of maintaining full management responsibility in the Centre for voluntary funds. Such action also would be appropriate in view of the increasing volume of voluntary funds that are being made available to the Centre. In this connexion, it was noted that the Joint Advisory Group on the International Trade Centre was particularly concerned that the efficiency of delivery of the Centre's technical assistance programmes should not be impaired by the administrative arrangements. The necessary delegation of authority will be requested from the Secretary-General and/or the General Assembly in line with the institutional recommendations concerning voluntary funds contained in paragraphs 5, 6 and 12.

15. A question has arisen as to the signing and transmittal of the Centre's year-end accounts. Under United Nations financial regulations, all accounts are to be transmitted to the Board of Auditors by the Secretary-General. It has been agreed in this connexion that the annual statements will be transmitted by the Director of Programmes of the International Trade Centre to the executive heads of UNCTAD and GATT. UNCTAD will transmit the reports, with any comments by the two organizations, to the Secretary-General.

G. ADMINISTRATIVE SUPPORT (PROJECT PERSONNEL)

16. Since 1 March 1973, the Centre has performed its own prospecting for staff, made its own appointments, determined entitlements and effected its own in-service actions for personnel hired from voluntary funds. Previously such project personnel were employed under the authority of GATT. (There were about 140 such experts, including short-term lecturers, employed in 1973.)

17. The appointments and administrative servicing of field project personnel financed from UNDP funds are carried out by a different procedure; appointments and administrative servicing for this category of staff are now done by the Technical Assistance Recruitment Services and the Office of Technical Co-operation in New York. Approximately half of the UNDP-financed experts are used by the Centre on projects assigned to them, and the other half directly by UNCTAD (total number approximately 180 in 1973 but increasing each year). Both the Technical Assistance Recruitment Services and the Office of Technical Co-operation want to decentralize these activities to Geneva because of the complications of distance between New York and Geneva.

18. The most practicable solution at present for the administrative support of project personnel is to continue basically along the present lines. Administrative support for personnel paid from voluntary funds will be carried out by the Centre, using the resources and assistance of the Technical Assistance Recruitment Services in prospecting for staff and interviewing candidates to the extent possible. Administrative support for personnel paid from UNDP funds is presently provided from New York, but it is to be decentralized to Geneva. For this category of personnel, UNCTAD and the Centre would each perform its own pre-employment actions for UNDP project activities for which they are responsible. Servicing in the form of determination of entitlements and post-appointment actions will be carried out by a central service unit located in the United Nations Office at Geneva which will issue the actual appointment contracts.

19. The small service unit to be established in the United Nations Office at Geneva should, by all means, be staffed with personnel who have experience in administering UNDP field project personnel. To ensure that it serves the needs of the client (user) organizations, it would be subject to the guidance of a client committee made up of representatives of UNCTAD and the Centre, as well as any other organization that might use the services of the central unit. The cost of the central unit would be borne by the clients.

H. OTHER CONSIDERATIONS

Delegation and decentralization

20. A part of the reason that the International Trade Centre has been less than satisfied with the administrative services provided by the United Nations Office at Geneva is the lack of delegation of authority to Geneva from New York. Under the previous arrangement, the Centre was accustomed to being serviced by GATT, which was an independent agency and was not required to get clearance for proposed actions from some distant point. There have been many complaints of the back and forth communications required between Geneva and New York before decisions on relatively minor matters could be made. For the administrative arrangements to work satisfactorily, it will be essential for more authority to be delegated from New York, especially in the personnel and financial entitlements areas.

Client orientation

21. Another difficulty perceived by the Centre is the lack of client attitude and timely responsiveness of the United Nations Office at Geneva in carrying out administrative functions. The situation has been compounded by the physical separation of the Centre from the Palais des Nations, a lack of willingness on both sides to meet face-to-face and strive to understand each other's problems. There has been a tendency to communicate by memorandum rather than person to person. A further difficulty is the lack of experience of the United Nations Office at Geneva in administering field project personnel. Each side perceives that the other has

been preoccupied with its own activities, using previous methods of operation as a frame of reference. Instead, the situation has clearly demonstrated that new relationships and new procedures are necessary.

Possible solutions

22. The following specific actions may be considered as ways in which the conditions cited above can be corrected:

(a) Delegation to the Geneva Office from New York in the personnel and financial entitlement areas, and more willingness to exercise discretionary authorities that exist;

(b) Central servicing of project personnel by the United Nations Office at Geneva should be performed by people who have had experience with and understand field conditions and problems. Such a function cannot be merely appended to the existing organization unless some new staff are added who are experienced in this kind of work.

I. ACTION REQUIRED

23. A report should be prepared for submission to the appropriate governing bodies of UNCTAD and GATT and for final submission to ACABQ and the General Assembly, summarizing the remaining actions to be taken relative to the administrative arrangements for the Centre, together with certain affirmations of the legal status of the Centre and its staff, including:

(a) Confirmation that the Centre is a subsidiary organ of both the United Nations and GATT and that its regular staff members, though limited in service to the Centre, have the same rights and benefits as other staff members of the United Nations;

(b) Affirmation of the legal authority of the Centre to continue to exercise the responsibilities it has assumed relative to the acceptance and use of trust funds, together with authority to approve payments from trust funds;

(c) Confirmation that the arrangements for the administration by the Centre of its project staff paid from trust funds, including appointment authority for such staff, be as set forth in this annex.

Attachment III

WORLD TRADE

ORGANIZATION

RESTRICTED

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31 March 1995

Limited Distribution

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JOINT WTO/GATT COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION

The Joint WTO/GATT Committee on Budget, Finance and Administration met on 22 March 1995 and have the following recommendations to the General Council for approval.

1. Relationship between the UN and GATT/WTO with regard to the International Trade Centre:

The Committee recommends to the General Council the following:

A. Assuming that the current joint and equal partnership of the two sponsoring organizations for the general policy and orientation of the ITC's work programme will continue, the Committee on Budget, Finance and Administration recommends to the General Council that a mandate be given to the Secretariat of the WTO to negotiate with the Secretariat of the United Nations a new arrangement on budgetary issues related to the functioning of the ITC.

B. The control function of the GATT/WTO on the ITC budgetary procedures should be restored. In this respect the 1974 agreement between the GATT and the UN should be modified according to what follows.

C. The ITC budget will be subject to the same preparation and reporting procedures as the GATT/WTO budget itself.

D. It will cover a calendar year period and will be presented in Swiss francs, the currency in which the bulk of expenditures is made.

E. It will be formulated by the ITC secretariat using exchange rates and inflation factors to be decided upon jointly between the ITC and GATT/WTO secretariats in consultation with the United Nations.

Attachment IV

RELATIONS BETWEEN THE UNITED NATIONS AND WTO WITH REGARD TO THE INTERNATIONAL TRADE CENTRE
(WTO position paper)

1. The International Trade Centre (ITC) was established within the GATT at the request of developing countries in May 1964, to assist them in the promotion of their export trade.

2. In order to avoid duplication and overlapping between the export promotion activities of the GATT International Trade Centre and United Nations bodies, particularly UNCTAD, in the framework of the United Nations Export Promotion Programme, ITC became a joint GATT and UN (through UNCTAD) operation established under General Assembly Resolution 2297 (XXII) of 12 December 1967 as a subsidiary organ of those organizations.

3. When the joint International Trade Centre UNCTAD/GATT was established on 1 January 1968, it was decided that the GATT should continue to deal with administrative and financial matters such as personnel actions, making of payments and maintaining the accounts relating to the regular budget of the ITC, and that all relevant financial and staff GATT rules and regulations should apply. The expenditures of voluntary contributions would also be accounted for by GATT and audited by its auditors.

4. However in 1972, in view of the rapid expansion of the activities of the ITC, the Director General of GATT and the Secretary General of UNCTAD agreed that some changes were required in the administrative and financial arrangements of ITC. In 1974, a revised agreement was entered into between the UN and the GATT which:

(A) while reaffirming the status of ITC as a joint subsidiary organ of the UN and GATT, provided that the regular staff members of ITC though limited to service with ITC would have the same rights as other staff members of the UN

(B) confirmed that ITC would continue to exercise the authority to receive voluntary contributions and approve payments from its trust funds, and

(C) established how ITC would follow the UN staff and financial regulations and rules and would make maximum use of the support services of the UN Office in Geneva for reasons of economy and efficiency.

5. As a result of the above mentioned agreement, ITC's budget is presented in compliance with the UN budgeting process and cycle.

6. The WTO commitment to the ITC's US$ biennium budget is recorded on an annual basis in Swiss Francs; it is subject to a number of adjustments over which the WTO has no control. These variations result from the technical adjustments inherent in the budgeting system applied. It could mean that increases in the WTO contribution to ITC would have to be absorbed and consequently be detrimental to the WTO proper budget and activities. In this context it is worth mentioning that the contribution to ITC's budget represents 13% of the total GATT/WTO budget while it amounts to only 0.7% of the UN regular budget.

7. As a consequence, over the years, concerns were expressed by the GATT Committee on Budget, Finance and Administration (CBFA).

8. Based on a recommendation of the CBFA, the WTO General Council requested at its session of 3 April 1995 another approach to the ITC budget. A mandate was given to the WTO Secretariat to negotiate with the UN Secretariat a new arrangement with a view that:

(a) the control function of WTO on ITC budgetary procedures be restored

(b) the ITC budget be subject to the same preparation and reporting procedures as the WTO budget itself

(c) the ITC budget cover a calendar year period and be presented in Swiss Francs

(d) the ITC budget be formulated by the ITC Secretariat using exchange rates and inflation factors to be decided upon jointly between the ITC and WTO secretariats in consultation with the UN.

9. Following consultations between the Secretary General of the UN and the Director General of WTO in 1995, the Secretary General also agreed to "recommend to the responsible intergovernmental organs that present arrangements governing the status of ITC as a joint body be confirmed and renewed with the WTO, subject to the revised budgetary arrangements as called for by the General Council of the WTO". Subsequently consultations were held between the secretariats of the WTO, UN and ITC on the technical modalities and presentational changes necessary to implement these recommendations.

10. In the absence of an agreement between its two parent bodies, ITC is obliged to comply with the requirements of the UN and those of the WTO, which creates a series of technical difficulties and moreover entails unnecessary additional administrative expenditures (double accounting system, double reporting, additional audit cost, etc).

11. On the basis of the above, the budget aspect of the 1974 agreement would have to be adjusted. The other elements (staff and financial rules and regulations, etc.) would remain applicable.

Attachment V

Structure and cycle of the WTO Budget

1. WTO operates on an annual budget expressed in Swiss francs.

2. The WTO budget is composed of two chapters and structured in the following way:

- Chapter 1. The budget is divided into 4 parts (A to C) further detailed in 15 sections (See Annex for details)

- Chapter 2. A breakdown of the cost estimates, the objectives and the work programme for the year presented by division of the Secretariat.

3. The WTO budget is reviewed by the Committee on Budget, Finance and Administration (CBFA) which make a recommendation to the WTO General Council which ultimately approved the budget. Both CBFA and the General Council are composed of the representatives of all Members of WTO and work on a consensus basis. The General Council exercises the supreme authority delegated to it by the Ministerial Conference which is convened every other year. (ITC budget is approved in the context of the WTO budget approval).

4. The WTO budget cycle from preparation to approval is as follows: In May of the preceding year CBFA receives from the Secretariat an outline of the proposed budget for the following year. Taking into account the views on the outline expressed by CBFA, the Director-General submits his budget proposals to CBFA in September of the same year. The Committee undertakes a line by line review of the proposed budget in the course of its September/October session, with a view of making a recommendation to the WTO General Council. At its session in November the General Council approves the budget.

5. Also in September, CBFA receives from the Secretariat a budget performance report on implementation of the current budget. Under each budgetary item the report contains information on the appropriation and the projected expenditures for the year. The projected expenditures comprise two components, namely: (a) the actual expenditures for January-August period and (b) estimates for September-December period. The report is reviewed and approved under the procedure outlined above for the review and approval of the proposed budget.

6. The WTO accounts are audited by Courts of Audit of its Members (presently by Netherlands).

Annex

PART	SECTION
A	1. Professional (Work/years)
	(a) Salary
	(b) Pensions
	Other Common staff costs
B	2. Temporary Assistance
	3. General Service (Work/years)
	(a) Salary
	(b) Pensions
	(c) Other Common staff costs
C	4. Temporary Assistance
	5. Communications
	(a) Telecommunications
	(b) Postal Charges
	6. Building Facilities
	(a) Rental
	(b) Utilities
	(c) Maintenance and Insurance
	7. Permanent Equipment
	8. Expendable Equipment
	9. Contractual Services
	(a) Reproduction
	(b) Office Automation/Informatics
D	(c) Other
	10. Staff Overhead Costs
	(a) Training
	(b) Insurance
	(c) UN and Other Bodies
	(d) Miscellaneous
	11. Missions
	(a) Official
	(b) Technical Cooperation
	12. Trade Policy Training Courses
	13. Contribution to ITC
	14. Various
	(a) Representation and Hospitality
	(b) Dispute Settlement Panels
	(c) Permanent Group of Experts
	(d) Appellate Body
	(e) Library
	(f) Publications
	(g) Public Information Activities
	(h) External Auditors
	(l) Ministerial Meeting
	(j) ISO
	(k) Other
	15. Unforseen Expenditure
	TOTAL

Attachment VI

UNITED NATIONS **E**

Economic and Social Council

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New York, October-December 1995
Agenda item 3

COORDINATION OF THE POLICIES AND ACTIVITIES OF THE SPECIALIZED AGENCIES AND OTHER BODIES OF THE UNITED NATIONS SYSTEM

Letter dated 24 October 1995 from the Secretary-General to the President of the Economic and Social Council

I am pleased to enclose herewith, for your attention, copies of an exchange of letters with the Director-General of the World Trade Organization, setting out a framework for cooperation between the United Nations and the World Trade Organization.

I should be grateful if you could bring this documentation to the attention of the members of the Economic and Social Council.

(Signed) Boutros BOUTROS-GHALI

Annex I

Letter dated 29 September 1995 from the Director-General of the World Trade Organization to the Secretary-General

I refer to the recent consultations we have held within the framework of General Assembly resolution 49/97 of 19 December 1994 on the strengthening of international organizations in the area of multilateral trade and the decision of 3 April 1995 of the General Council of the World Trade Organization mandating me to conclude a global arrangement with the United Nations based on the previous United Nations/GATT relationship.

Our consultations brought out the importance we both attach to achieving effective cooperation between the United Nations and the World Trade Organization, consistent with the respective status and mandates of the two organizations and the contractual nature of the World Trade Organization.

The conclusion which we have reached, as a result of these consultations and taking into account the experience in the relations between the United Nations and GATT, is that a flexible framework for cooperation, liable to further review and adaptation in the light of developments and emerging requirements, is the most desirable course of action.

We agreed, in that light, that the arrangements and practices described in the attached United Nations General Assembly document of 9 March 1976 (A/AC.179/5) in respect of the United Nations/GATT relationship (see annex III) provide a suitable basis to continue to guide relations between the United Nations and the World Trade Organization. Relations between the United Nations and the World Trade Organization will thus include the provision and exchange of relevant information, reciprocal representation, in accordance with the decisions of the competent bodies of the respective organizations, participation of the World Trade Organization in the Administrative Committee on Coordination and its subsidiary bodies, cooperation between secretariats, including in the statistical area, and administrative matters.

We further concluded that specific arrangements for cooperation between the World Trade Organization and the United Nations Conference on Trade and Development, in accordance with the relevant decisions of the General Council of the World Trade Organization, will be pursued by the two secretariats within the overall framework set out above, and in the light of recent relevant decisions of the Trade and Development Board, as well as General Assembly resolution 49/97.

Finally, we agreed, in our consultations, to recommend to the responsible intergovernmental organs that present arrangements governing the status of the International Trade Centre as a joint body be confirmed and renewed with the World Trade Organization, subject to revised budgetary arrangements as called for by the General Council of the World Trade Organization.

(Signed) Renato RUGGIERO

Annex II

Letter dated 29 September 1995 from the Secretary-General to the Director-General of the World Trade Organization

I acknowledge receipt of your letter of today's date, referring to the recent consultations we have held within the framework of General Assembly resolution 49/97 of 19 December 1994 on the strengthening of international organizations in the area of multilateral trade and the decision of 3 April 1995 of the General Council of the World Trade Organization mandating you to conclude a global arrangement with the United Nations based on the previous United Nations/GATT relationship.

Our consultations brought out the importance we both attach to achieving effective cooperation between the United Nations and the World Trade Organization, consistent with the respective status and mandates of the two organizations and the contractual nature of the World Trade Organization.

The conclusion which we have reached, as a result of these consultations and taking into account the experience in the relations between the United Nations and GATT, is that a flexible framework for cooperation, liable to further review and adaptation in the light of developments and emerging requirements, is the most desirable course of action.

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We further concluded that specific arrangements for cooperation between the World Trade Organization and the United Nations Conference on Trade and Development, in accordance with the relevant decisions of the General Council of the World Trade Organization, will be pursued by the two secretariats within the overall framework set out above, and in the light of recent relevant decisions of the Trade and Development Board, as well as General Assembly resolution 49/97.

Finally, we agreed, in our consultations, to recommend to the responsible intergovernmental organs that present arrangements governing the status of the International Trade Centre as a joint body be confirmed and renewed with the World Trade Organization, subject to revised budgetary arrangements as called for by the General Council of the World Trade Organization.

(Signed) Boutros BOUTROS-GHALI

Attachment VII

Economic and Social Council decision 1995/322 of 12 December 1995

1995/322. Arrangements governing the framework for cooperation between the United Nations and the World Trade Organization and regarding the status of the International Trade Centre

At its 60th plenary meeting, on 12 December 1995, the Economic and Social Council (*a*) took note with satisfaction of the letter dated 24 October 1995 from the Secretary-General to the President of the Council,[96] enclosing copies of the letters exchanged by the Director-General of the World Trade Organization and the Secretary-General of the United Nations setting out a framework for cooperation between the United Nations and the World Trade Organization; (*b*) noted the recommendation in the letters exchanged that present arrangements governing the status of the International Trade Centre as a joint body should be confirmed and renewed with the World Trade Organization; and (*c*) also noted that the name of the Centre would accordingly become International Trade Centre of the United Nations Conference on Trade and Development/World Trade Organization.

Attachment VIII

Current status on the revised arrangements on budgetary issues related to the functioning of the ITC UNCTAD/WTO

Revised arrangements called for by WTO General Council	Changes proposed by the UN to the GA	Differences of revised arrangements proposed by the WTO and the UN and their impact
1) The control function of WTO on the ITC budgetary procedures would be restored;	1) The ITC budget would be structured in such a way as to satisfy the requirements of the United Nations budgetary process established by the General Assembly in resolution 41/213 of 19 December 1986 and other relevant Assembly resolutions. The structure may be seen in the proposed programme budget of ITC for the year 1998, which has been submitted to the General Assembly at its current session.	1) No significant change from the current situation. The UN would continue to exercise the control of the ITC budget. Any control function which the WTO would exert, would be in addition to UN control processes.
2) The ITC budget would be subject to the same preparation and reporting procedures as the WTO budget;	2) The ITC budget format and the process of its review and approval by the General Assembly should be adapted within the framework of the Financial Regulations and Rules of the United Nations, the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation, and relevant General Assembly resolutions on the budgetary process. The programme of work of ITC would continue to be based on the United Nations medium-term plan for the period 1998-2001, as approved by the General Assembly in resolution 51/219 of 18 December 1996. It would also be based on the WTO plan of technical cooperation (currently included in the three-year plan for 1997-1999).	2) No significant change from the current situation. This implies that ITC would need to produce and present two sets of budgets, one in the UN format, and another in the WTO format. The UN would continue to require a first and second performance report, presumably in dollars as well as Swiss francs. ITC would be expected to maintain the accounts in both currencies. Reporting would continue to cover both years of the UN biennium. Any required WTO reporting would be in addition to the standard UN reporting.
3) The ITC budget would cover a calendar year and woud be presented in Swiss francs;	3) The ITC budget would be prepared on an annual basis. The budget for the first year of the biennium would also contain a projection of the requirements for the second year so that the General Assembly can decide on the United Nations share of that budget for the United Nations biennial budgetary cycle. The budget would be formulated and presented to the General Assembly for approval in Swiss francs.	3) The proposed revised arrangements partially accommodate this. The budget document would be presented in Swiss francs and would cover one calendar year with a projection for the second year in a UN biennium. However, a substantial part of the document would cite figures for this two-year period, if the current UN budget document for ITC serves as a model. An additional budget document would need to be created for the second year of the UN biennium. Financial reports would continue to present two years' accounts combined for the second year of the UN biennium. If the WTO required an annual presentation, a separate set of reports would have to be produced for the second year.

4) The ITC budget would be formulated by the ITC secretariat using exchange rates and inflation factors to be decided upon jointly by the secretariats of ITC and WTO, in consultation with the United Nations.	4) To enable the General Assembly to decide on the level of the appropriation needed to finance the United Nations share of the approved ITC budget, that share would be recosted in United States dollars when the United Nations proposed programme budget is recosted towards the end of the session of the General Assembly and at the time of the first performance report on the programme budget of the United Nations, using the prevailing rate of exchange between the United States dollar and the Swiss franc. The accounts of ITC would be maintained in both United States dollars and Swiss francs, the latter being the basic currency. The accounts would be certified and reported to the External Auditors in both currencies.	4) The question of the parameters to be decided upon jointly by the secretariats of WTO, ITC and UN, for the preparation of the budget is not addressed in the GA document (A/C.5/52/25). However, based on the suggested timetable for review and approval of the ITC budget and the budget performance report by the General Assembly and the WTO General Council as contained in the Annex (item II), the WTO secretariat have expressed reservations about the feasibility of ITC preparing **"a detailed annual budget"** as early as April (a) as the WTO/CBFA will only review the budget in September, and (b) WTO may have to revise the required parameters for its annual budget based on development during the first six months of the year. In such case, will the UN be able to accept a revision of the budget at that late stage? This again questions the control function of WTO on the ITC budgetary procedures.